



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor

David T. Terry  
Director

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E/037/093

June 16, 1997

James W. Goddard, Ph.D.  
RR # 5, Box 34 A  
Lake Eufaula, OK 74432

RE: Notice of Intent To Commence Exploration/Mining, Metalliferous Minerals Lease  
ML-47330, Section 2, T. 30 S., R.24 E.

Dear Mr. Goddard:

The School and Institutional Trust Lands Administration is in receipt of the above referenced Notice of Intent (NOI) to commence exploration and the lease assignment **Golden Empire Ltd.** Upon examination of the metalliferous minerals lease status for Section 2 it has been found that there is an error in the description of the lands leased under ML-47330. The original application for lands under ML-47330 included Lots 1, 2, & 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$  and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ . The W $\frac{1}{2}$ SW $\frac{1}{4}$  had already been leased under ML-47313 prior to your application and Lot 3 and the SW $\frac{1}{4}$ SE $\frac{1}{4}$  had already been leased under ML-47322 prior to your application. Your original application under ML-47330 correctly described the lands available for lease but the final draft of the lease agreement inadvertently included Lot 3 in the legal description. Enclosed is a replacement cover page to lease ML-47330 which correctly describes the land held under that lease. Could you please replace the old cover page with the new replacement page that correctly describes the leased lands.

With the property description on the lease agreement being incorrect the property description on the assignment from Bob Bolles to Golden Empire Ltd. is also incorrect. I am returning the Golden Empire Ltd. assignment for your correction. On both original assignment forms could you please strike-out Lot 3 and initial the strike-out.

The map included with the notice to commence exploration/mining on ML-47330 depicts the proposed mine site as being partially on lands encompassed by ML-47322. I have included a copy of the map depicting the location of the proposed mining/exploration site and on it color coded the different lease hold interests. The Trust Lands Administration cannot approve mining activity on lands leased to third parties. **If it is at all possible you must relocate the proposed mine site so that it is entirely on lands held under ML-47330 or you must have written approval from the Lessee of lease ML-47322 to commence mining on lands held under ML-47322.**



The following comments pertain to the notice of intent to commence exploration/mining on ML-47330.

The activity proposed in the NOI consists of actual mining and processing of leased material and will therefore be considered a mining operation rather than an exploration activity. The Trust Lands Administration will also require additional information regarding the following items before approval to commence can be granted:

1) The area of the proposed activity as depicted on attachment # 2 of the NOI includes test sites # 1 - 16 and an equipment area. The sixteen (16) test sites and equipment area encompass exactly 5 acres which is the maximum allowable acreage for a small mining operation. Other impacted acreage not included in the planned activity is the road accessing the test sites and equipment area. The NOI indicates that the existing unimproved access road traverses to within 10 feet of the site area. To access the site area from the existing unimproved road a new road approximately 10 feet wide and 10 feet long will be created. Other lands impacted by the mining operations may include parking areas for onsite personnel and living quarters for persons who may be present on a continual basis. In order to maintain a small mine status the area of all lands impacted by the proposed mining operation must be under 5 acres. Mining operations which exceed 5 acres are considered to be large mining operations and will thus require a more detailed plan of operations and the approval a larger number of regulatory agencies. If you wish to keep the impacted acreage under 5 acres you may choose to amend section (b) of the NOI by proposing that only one or two test sites will be cleared at any given time and reclamation of each mined site will be concurrent with the excavation of only one additional test site.

2) The NOI identifies one step in concentrating the ores as an amalgamation process. The Division of Oil, Gas and Mining has expressed some concern as to the chemicals that will be used to create the amalgam and how the amalgamating chemicals will be prevented from contaminating processed materials and discarded water. Could you please identify the chemicals used and the process used to prevent environmental contamination.

3) The NOI does not address the possibility of continual human occupation of the proposed mine site. It is assumed that those working at the site will commuting daily. If the site is occupied on a 24 hour basis the NOI must address how waste and refuse generated by permanent occupation will be disposed of and identify the location of the housing facilities.

The Division of State History has been informed of the proposed mine plan and it is they who will determine the necessity for a cultural survey. If a cultural survey is required it will be the obligation of the lessee to contract a qualified archaeologists to perform the survey. The Trust Lands Administration will supply a list of qualified archaeologists. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains.

June 12, 1997

Goddard

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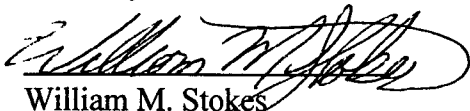
Should archeological, historical, or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

The Administration rules require a surety bond be posted to insure reclamation as well as compliance with all other lease terms. Because the NOI does not comply with the 5 acre limit for a small mining operation the Trust Lands Administration will not request a reclamation bond until an amendment has been filed which identifies the actual acreage to be disturbed. Bonds may be accepted in any of the following forms:

- a) Surety bond with an approved corporate surety registered in the state of Utah.
- b) Cash deposit.
- c) Certificate of deposit in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to collect on the certificate of deposit. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

Trust Lands Administration approval to commence exploration or mining does not alleviate the necessity to comply with the requirements of the Division of Oil, Gas and Mining. You must contact them and comply with their requirements before commencing with any exploration or development. The address of the Division of Oil, Gas and Mining is 1594 West North Temple, Suite # 1210, P. O. Box 145801, Salt Lake City, Utah 84114.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William M. Stokes', written over a horizontal line.

William M. Stokes

Minerals Resource Specialist